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Docket # 99-11

"Overcoming Obstacles to Telephone Service to Indians on Reservations"

Presentation made by Aloa J. Stevens representing Citizens Communications and Navajo Communications Company

Chandler, Arizona
March 23, 1999

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APR 29 1999

Good morning my name is Aloa Stevens. I am the Director of Regulatory Affairs – FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
Citizens Utilities Rural Company, Citizens Communications Company of the White Mountains collectively referred to as (Citizens Communications) and Navajo Communications Company (NCC).

General Overview:

Citizens Communications provides telecommunications services to the White Mountain Apache Tribe and the Hualapai Indian Reservations located in Arizona and NCC provides telecommunications services to the Navajo Nation located in Arizona, New Mexico and Utah.

In most settings in this country telephone service penetration is at very high levels. Only in sparsely populated, rural areas do we find significant pockets of unserved potential customers. The low density of households in these areas and their distance from the telephone company switching offices tend to complicate the extension of reasonably priced service. It simply is uneconomical to invest in the extension of plant facilities into remote areas without formal customer commitment to subscribe to services at the levels necessary to pay for the needed construction. In some states the regulatory agencies even oppose construction to remote areas, when such line extensions will have the effect of eroding the earnings level, or will eventually raise the cost of service to all other customers. One simply cannot assume that every remote household represents potential demand for our services. Nor can we assume that if service were brought to every door, there would be the financial means to support such universal deployment.

Great strides have been made toward the achievement of universal service. There are numerous programs, supported by both state and interstate funding, to foster the wide availability of reasonably priced communications capability. We must acknowledge that the Lifeline and Link-up programs and other USF funding have been a major factor in the achievement of today's penetration levels, particularly in the rural areas of our country. However, the last remaining unserved areas, such as those found on many of the Indian reservations, represent a real challenge to the serving companies. At a time when access reform is shrinking the support the telephone companies receive for their common line investment, and while we are faced with unknown future USF treatment for rural companies, it is difficult to contemplate large, new expenditures to drive service capability out into areas with low customer density and unknown demand. These circumstances seem to suggest that some extension of the existing support programs should be created to explicitly address high-risk, low-density, line extension projects. Lifeline supports the monthly exchange rates for those in need. Link-up pays the tariffed non-recurring charges for ordering and service initiation.

But, except for the endangered and somewhat arguable implicit support buried within the interstate USF, there is no specific support for the extraordinary risk associated with these projects. We believe there are worthwhile social benefits to be gained by addressing most unserved areas. Citizens will be happy to meet with tribal representatives to discuss their desires for plant extensions. However, there are real risks of higher costs for all telephone users, unless some form of explicit subsidy can be created to support deployment of plant into areas with unknown potential demand.

The number of access lines served by Citizens Communications and NCC as of December 31, 1998 is as follows:

- Navajo Nation - 22,727; Penetration rate is approximately 22.5%
- White Mountain Apache Tribe – 2421; Penetration rate is approximately 17.9 %
- Hualapai Indian Reservation – 441 Penetration rate is approximately 24.5 %

All of Citizens Communications and NCC central office switches are 100 % digital. Customers are offered a myriad of services including call-forwarding, calling waiting, message center aka voice mail and conference calling and access to IntraLATA and InterLATA interexchange carriers. Local Internet access is available with in several exchanges serving the Navajo Nation and the White Mountain Apache Tribe. Internet access is also available to the Hualapai Indian Reservation via their Long Distance Carrier. NCC has installed a Frame Relay switch at St. Michaels and we are on schedule to provide Frame Relay services in the near future. When this project is complete, this service will be available to Schools and other customers in the Navajo Nation. Frame Relay service is also available to the areas serving the White Mountains Apache Tribe and the Hualapai Indian Reservation.

Enhanced 911 (E 911) Service has also been deployed in the exchanges serving the White Mountains Apache Tribe and the Hualapai Indian Reservation. NCC is unable to deploy E 911 Service due to a rural addressing system not being in place for the reservation.

Since 1996, Citizens Communications and NCC has committed to investing over 32.1 million dollars in capital expenditures to upgrade its networks with digital technology, deploy advanced calling services and expand our facilities to serve new customers.

Basic Telecommunication Services:

Attachment "A" depicts the recurring and non-recurring rates that Citizens Communications and NCC charge for single party basic exchange service.

Citizens Communications and NCC are not licensed to provide cellular service within its service territories however, we have identified the following wireless providers operating in our serving areas:

Navajo Nation	Cellular One Alltel Commnet Cellular Triadd Cellular
White Mountains Apache Tribe	Cellular One
Hualapai Indian Reservation	Need info from Paul M. or Bill S.

Impediments to Telephone Line Extensions on Tribal Reservations:

1. Securing Right of Ways within the Navajo Reservation has become a complicated and time-consuming process. Both the Federal Government and the Navajo Nation have imposed stringent requirements that must be met before any Right of Way is granted.

A Right of Way acquisition for small line extension or cable reinforcement may take approximately 60 days to 12 months to obtain. Right of Way acquisitions to provide service in an unserved area can take 2 to 3 years to obtain and may cost several hundred thousand dollars just to secure the Right of Way. I have provided on Attachment "B" the Right of Way Process Flow Chart for your information.

2. In the Navajo and White Mountains areas, the applicant is given an allowance of ½ mile of free line extension footage from our existing facilities. In the case of Citizens Utilities Rural Company, Citizens will extend its lines to reach the applicant without charge, provided the cost of constructing the line extension will not exceed seven times the estimated annual exchange revenues from the applicant. If the line extension requirements of the applicant exceed the above, a construction charge will be made for the facilities in excess of the allowances specified above and shall be paid in advance.

Special Construction charges can range between \$1560 to \$ 157,080 depending upon the length of the extension.

3. In Arizona it is estimated that there are approximately 177,000 low-income customers that qualify for the Lifeline and Link Up programs available in Arizona and many of these customers are located in service areas. Because many of these low-income customers are unable to pay the construction charges, they are unable to take advantage of the Lifeline and Line Up Programs.

Impediments to Telephone Line Extensions on Tribal Reservations:

4. Another impediment to providing telecommunications service is the rugged terrain and remote areas. Regardless of the technology deployed, the very nature of the terrain in these unserved areas makes construction and maintenance of facilities costly and difficult to maintain. Theft and vandalism at remote equipment sites is common and dramatically increases the cost of service.
5. The Federal Access Reforms have reduced our funding for carrier common line investments and with unknown Universal Service Fund treatment for rural companies in the future, it is difficult to contemplate large, new expenditures to increase service capability out into areas with low customer density and unknown demand.

Recommendations and Proposed Solutions:

1. Reduce the BIA and Tribal Right of Way requirements within the Navajo Nation and the Hualapai Indian Reservation to allow blanket Right of Ways on all publicly traveled roads through a local road permit.
2. Allow the Historic Preservation Department to issue blanket clearances on all previously disturbed public roadways. In the event of a discovery all construction activities would cease, and the Historic Preservation Department will be notified.
3. Support the Arizona Corporation Commission's proposal of setting aside a fixed amount of Federal USF Funds to partially offset the special construction charges required to serve customers living in remote unserved areas.
4. Expand existing or create an additional Federal and or State fund to explicitly address high-risk, low-density, line extension projects.
5. Encourage the Arizona Corporation Commission to consider expanding the existing Arizona Universal Service Fund to partially offset special construction charges for customers residing in unserved areas.
6. Encourage the Arizona Corporation Commission to facilitate workshops for improving access to Right of Ways on Federal, Navajo Nation and Hualapai Indian Reservation Lands.
7. Encourage Federal Agencies and Tribal members to participate in workshops and Public forums such as this to make everyone aware of the problems and participate in the solutions.
8. Encourage the Navajo Nation to approve and establish the necessary funding mechanism to implement a rural addressing system and Enhanced 9-1-1 Services.

In conclusion, thank you for taking the time to understand the complexities of providing telecommunications service to unserved areas and I look forward to working with the appropriate Federal, State and Local representatives in finding solutions to these important issues.

Attachment A

**Citizens Communications Company
Basic Service and Access Rate Summary**

<u>Basic Service Rates per Month:</u>	<u>Arizona</u>			<u>New Mexico</u>
	<u>Navajo</u>	<u>Rural</u>	<u>White Mountains</u>	<u>Navajo</u>
Single Party Residence Service	\$15.90	\$9.40	\$15.60	\$14.40
Single Party Res. Service: Budget Measured	n/a	n/a	\$10.90	n/a
Single Party Residence Service: Zone 1	n/a	n/a	\$18.60	n/a
Single Party Business Service	\$57.15	\$21.67	\$35.10	\$51.95
Single Party Business Service: Zone 1	n/a	n/a	\$38.10	n/a
Federal Subscriber Line Charge-Single Line	\$3.50	\$3.50	\$3.50	\$3.50
Directory Assistance	See below	\$0.25 (C)	See below	See below
Directory Assistance (Local)	1st 3 listings-No Charge	n/a	1st 2 numbers-No Charge	n/a
Directory Assistance (Local) - Additional	Each addtl listing \$.20	n/a	Each addtl request \$.50	n/a
Directory Assistance (IntraLATA)	n/a	n/a	n/a	1st two listings-No Charge
Directory Assistance (IntraLATA)-Additional	n/a	n/a	n/a	Each addtl listing \$.20
S/O Connection for new service - Residence	\$18.00	\$60.00	\$60.00	\$15.05
S/O Connection for new service - Business	\$18.00	\$60.00	\$70.00	\$15.05
Touch Calling Service: Residence, per line	n/a	\$1.36	n/a	n/a
Touch Calling Service: Business, per line	n/a	\$1.36	n/a	n/a
Touch Tone Service: Residence, per line	\$1.20	n/a	\$0.50	\$1.20
Touch Tone Service: Business, per line	\$2.25	n/a	\$0.50	\$2.25
Toll Blocking: Option 1 - Blocks all 1+ calls, per line/trunk	See below	See below	\$3.00	See below
Toll Blocking: Option 2 - Blocks all 1+, 0+ and 0- calls, per line/trunk	See below	See below	\$3.00	See below
Toll Restriction: Residence	See below	See below	\$2.50	\$3.50
Toll Restriction: Business	See below	See below	\$3.50	\$6.00
Toll Restriction: Residence (Only)	\$3.50 (A)	See below	See above	See above
Toll Restriction: Business (Only)	\$6.00 (A)	See below	See above	See above
Toll Restriction: Residence (Multi-feature)	\$2.95 (B)	See below	See above	See above
Toll Restriction: Business (Multi-feature)	\$5.40 (B)	See below	See above	See above
Toll Restriction: Central Office	See above	\$5.30	See above	See above
Emergency 911 Services	\$/mo.	\$/mo.	\$/mo.	\$/mo.

(A) Customers subscribing to toll restriction w/o subscribing to any other custom calling feature(s) are charged this rate for each line.

(B) Customers subscribing to toll restriction in addition to any other custom calling feature(s) are charged this rate, in addition to the appropriate individual or multi-feature monthly rate for the additional custom calling feature(s).

(C) Maximum of two requested telephone numbers per customer call.

Note: The Hualapai Indian Reservation is located in the Peach Springs Exchange (Arizona Rural) and the White Mountain Apache Tribe is primarily located in the Hawley, Whiteriver and McNary Exchanges (White Mountains)

ACTION TAKEN/PROCESS

NCCN9

DATE:

MEETING WITH B.I.A.

5/92

REQUEST FROM B.I.A. OWNERSHIP,
LAND STATUS, EXISTING SURVEYS5/92-
6/92SUBMIT APPLICATION
TO TRIBE FOR
PERMISSION TO SURVEYDESC. OF PROJECT
DESC. OF VEGETATION
AGREEMENT INDEMNIFYING
U.S. LANDOWNERS

5/92

SUBMIT APPLICATION TO TRIBE FOR
PERMISSION TO DO ENVIRONMENTAL
AND BIOLOGICAL ASSESSMENT

7/92

SUBMIT TO B.I.A.
LEGAL DESCRIPTION OF
PROPOSED RIGHT-OF-WAYSTIPULATIONS
MAPS WITH LEGAL DESC.
TYPE OF LAND

7/92

B.I.A. AND TRIBE
ISSUE PERMITSPERMIT TO SURVEY
PERMIT TO DO ARCHEOLOGICAL
PERMIT TO DO ENVIRONMENTAL
AND BIOLOGICAL ASSESSMENT

8/92

OBTAIN WRITTEN CONSENTS
FROM
OWNERS AND ALLOTEES

5/92

OBTAIN CHAPTER CONSENTS
FROM IDENTIFIED CHAPTERS

7/92

OBTAIN CROSSING CONSENTS
FROM OTHER R.O.W. HOLDERS

12/92

PERFORM ARCHEOLOGICAL
RESEARCH AND SURVEY

8/92

PERFORM ENVIRONMENTAL AND
BIOLOGICAL ASSESSMENT

8/92

SUBMIT ARCHEOLOGICAL AND
ENVIRONMENTAL REPORTS TOSUBMIT ENVIRONMENTAL AND
BIOLOGICAL REPORTS TO B.I.A.

11/92



